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Fox&Hounds discusses and explains the confluence of politics and business in California through our blog, featuring opinion pieces written by leaders from across the state published daily. Read below to see what's new on the site today.

Courts Jump on Revenue Raising Bandwagon
By Joel Fox

Tax and revenue increases are piling up on Californians–passed by voters, approved by legislators, and now the courts are getting into the act.
On the same day that the legislature passed the $52 billion gas tax, California's Third District Court of Appeal on a 2 to 1 vote upheld a lower court ruling that businesses paying for auction allowances in the cap-and-trade program were not being subjected to an illegal tax. The California Chamber of Commerce and others filed the lawsuit claiming the cap and trade allowance cost amounted to a tax, which required a two-thirds vote, something the law that created cap-and-trade did not achieve.
The court reasoned that businesses voluntarily took part in the program and were not compelled by government to do so. However, the decision goes deeper than the cap-and-trade program and potentially opens the door to getting around the tax vote requirements demanded by Proposition 13.

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Business Owners, Grassroots Supporters and Lawmakers Stand Together to Stop Shakedown Lawsuits
By Maryann Marino

They would have preferred staying home to tend to their stores, shops and services. But they had to be there to stand up for their economic livelihood and to protect the jobs of their loyal employees.
More than 150 small business owners and supporters gathered for a boisterous rally April 4 on the lawns of the State Capitol. They had travelled there to issue a public call for new legislation to stop abusive and frivolous lawsuits.
The fancy way of describing their request is that they are seeking fair-minded legal reforms to bring significant relief from lawsuits and litigation that often result in expensive, unwarranted settlements.

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Dissecting San Jose Unified
By David Crane

Normally, California school districts don't face financial stress when state revenues are robust. Usually that stress arises only when state revenues shrink as a result of declining stock markets. But schools in California are experiencing stress right now despite record revenues from a long bull market and a tax increase. One illustration is the San Jose Unified School District, which just issued a report required of all districts by the Education Code*. To start, look at SJUSD's expenditures in fiscal year 2013–14:
Notice the $58.557 million expense for "Employee Benefits," which are payments for pensions, retiree healthcare and other benefits. Next, look at the same chart for the following fiscal year:

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Will Democrats get Another Supermajority Vote that could Raise Gas Prices?
By Julie Cart

The power of the California Democratic party's 'supermajority' was mightily tested Thursday, with the nail-biting passage of a $52 billion transportation package, that will add 12 cents to the price of gasoline.
What does that bode for the other big lift coming up in the legislature, the reauthorization of the the state's landmark climate change legislation, cap-and-trade? The carbon auction system survived a court challenge Thursday—with the California appeals court affirming the legality of the program—but it's an open question whether cap and trade can survive a bruising political battle and the likelihood of tacking on more to the price of gas at the pump.
The transportation bill was a squeaker, passing Thursday with a bare minimum of votes in both the Senate and Assembly. Last-minute concessions dragged the package over the line, but at the cost of exhaustion and, for some, distasteful compromise.

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